



STATE OF WASHINGTON
WASHINGTON STATE BOARD OF HEALTH
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March 13, 2002

To: State Board of Health Members
From: Don Sloma, Executive Director
Re: State Board of Health Budget

Summary

This memo responds to a request from Board Chair, Linda Lake for an overview of the Board's budget in recent years with particular emphasis on savings strategies and managing the 15% reduction. This information is being provided as background for a Board discussion.

The Board will have sustained a total of a 19% reduction in its budget between the beginning of the 1999-2001 biennium and the close of the 2001-2003 biennium. We will be able to manage these reductions through a series of actions including:

- Operational efficiencies,
- Restrictions on training conferences and travel,
- The reduction in Board meetings from 12 to some 7 per year,
- A small, voluntary reduction in one part time staff member's time, and
- The virtual elimination of our ability to contract for outside research or consulting services.

Since some 78% of our current expenditures are for staff, additional reductions will likely require consideration of staffing reductions.

Our proposed budget for the 2003-2005 biennium is due to the Office of Financial Management in September of this year. The Director of the Office of Financial Management has asked all agencies to examine their missions and services carefully to determine which are essential to continue as the state prepares for another biennium of serious revenue restrictions. Your guidance in completing this task will be essential.

Recommended Board Action:

None at this time.

Background and Discussion

As the Board completed its transition to new membership and a new Executive Director during FY2000, a combination of staff vacancies and operational efficiencies allowed us to return some \$175,000 of that year's \$520,000 allotment.

As the Board experimented with new directions and processes during FY2001, funds saved through operational efficiencies allowed us to fill all staff vacancies with a number of part time, temporary staff. In addition, savings were sufficient to execute some \$62,350 in research and consulting contracts that added greatly to the quality and credibility of the Board's work. During this period, staffing represented some 66% of our expenditures. Contracts were 12%. We returned less than one half of one percent of our budget unspent at the close of FY 2001.

As the Board settled on priorities and processes for the 2001-2003 biennium, we replaced all but one of our temporary part-time staff, with fewer full time, permanent people. This increased to 78% the proportion of our funding devoted to staffing. It reduced dollars available for research and consulting contracts to less than 5%.

The reduction in funds for contracts was so severe in part because the Board's original appropriation for the current biennium reflected a 4% reduction.

While it also contained a \$15,000 increase for the Genetics Task Force (GTF), the GTF will actually require expenditures at least 25% in excess of this special appropriation. In addition, the events of September 11 required unexpectedly high costs for additional assistance from our Assistant Attorney General on legal matters surrounding rules for local health officials to respond in emergencies.

It seems likely that a supplemental budget now nearing approval in the legislature will reduce our expenditures over the remainder of this biennium some 15%. In addition, the Governor and the legislature have issued directives and budget proposals in recent weeks indicating an interest in seeing further reductions resulting from new restrictions on travel, purchasing and hiring. These appear directed at independent boards and commissions and state agencies alike.

I anticipate that we will be able to manage within funds available to us after the 15% reduction is implemented, but it will require the continuation of all of the following savings strategies:

- Returning savings from an allotment error that resulted in health insurance benefit costs being assumed for Board members,
- Eliminating any additional outside contracts for research, consulting or technical assistance,
- Returning savings from having hired new employees at lower pay rates than the part time people they replaced,

- Accepting a voluntary reduction in hours offered by our part-time children's health policy analyst (from 20 to as few as 10 hours per week),
- Reducing the number of Board meetings from 9 to 7 during FY2002 and FY 2003,
- Canceling unneeded subscriptions to news services and professional journals we now obtain through the internet or the state library,
- Continuing to limit Board sponsorship of conferences through our policy of obtaining direct Board approval of such decisions,
- Continuing our refusal to pay for professional association memberships for staff,
- Continuing our streamlined approach to producing Board meeting minutes (shorter minutes and no transcripts),
- Continuing to save copying, printing, FedEx and mailing costs by replacing most paper communication with email and a Board web page,
- Maintaining minimum space needs and rental costs by regularly archiving files, and
- Minimizing printing costs by printing fewer copies of smaller, less expensive to produce annual reports and other reports.

If additional saving should be required during the remaining months of this fiscal year, the following options may be necessary:

- Cancel the June Board meeting in Aberdeen. Estimated Savings \$4,650.
- Suspend further AG. Assistance Estimated Savings \$4,000.

If all of these measures prove insufficient during FY 2003, staffing reductions may be difficult to avoid. Short of that, small savings are still possible through one or more of the following measures:

<u>Potential Savings Measure</u>	<u>Estimated FY 2003 Savings</u>
Eliminate any and all out of state travel for board members and staff	Up to \$1,000.
Reduce in-state travel, except to and from Board meetings	Up to \$8,500.
Eliminate one or more of the seven planned Board meetings	Seattle/Olympia Area \$2,150. Other Areas \$4,650.
Eliminate the printing of the 2002 annual report and other reports	Annual Report \$3,000. Two Additional Reports \$5,000.
Reduce legal advice from the Office of Attorney General	Up to \$8,000.
Reduce Staff and Board Member In-state Training and Conference Attendance	Up to \$4,300.